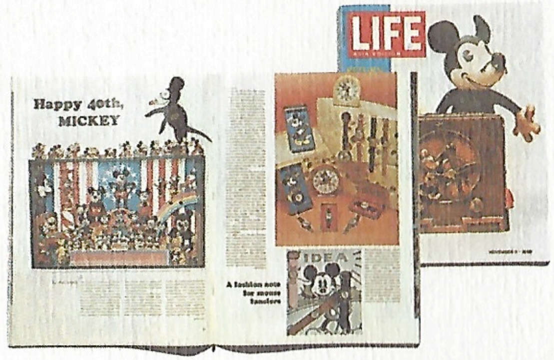
Walt Disney Productions

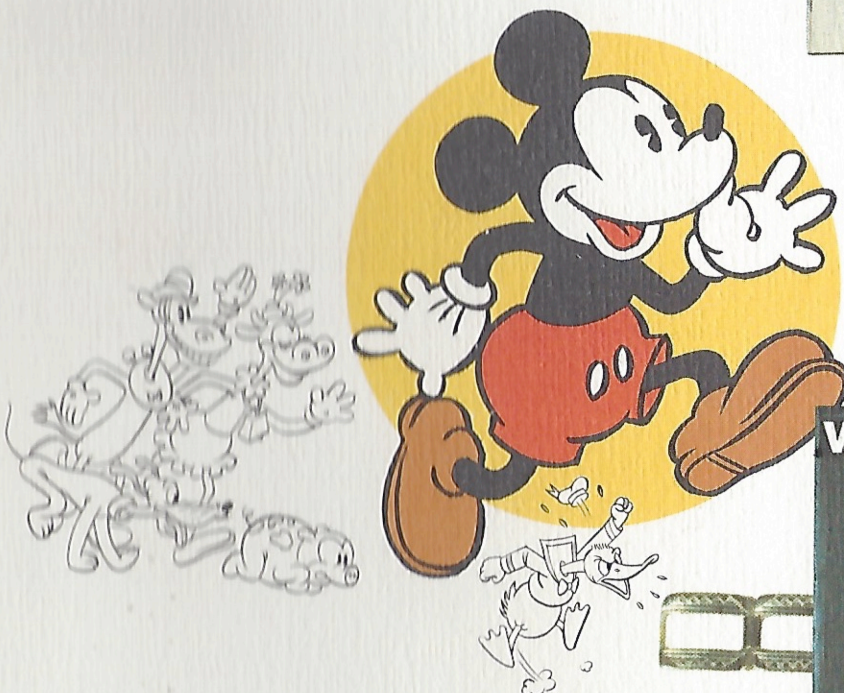
ANNUAL REPORT

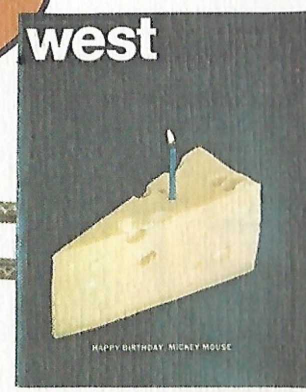
to shareholders and employees

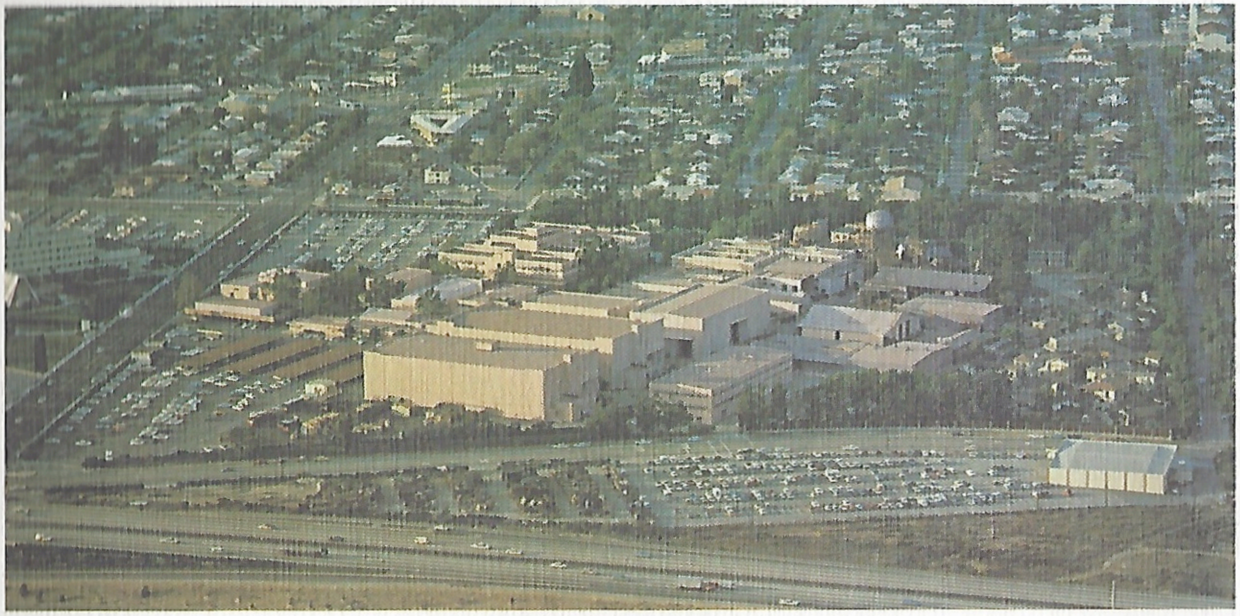
Fiscal year ended September 28, 1968



From STEAMBOAT WILLIE in 1928 to the "great camp boom" in 1968, Mickey Mouse has always been "in." Today, as magazines, newspapers and television celebrate Mickey's 40th Birthday, the company his stardom launched to international fame and success is **bigger than ever.**
The pages of this Annual Report point the direction of the company's growth . . . from a motion picture studio *yesterday,* into a diversified family entertainment and recreation business symbolized *today* by Disneyland.
In the advanced planning stages are Walt Disney World and Mineral King — the company's major projects for *tomorrow.*







THE BURBANK STUDIO: *Today's Disney studio covers 50 acres, includes four major production sound stages.*

HAUNTED MANSION: *WED's Yale Gracey conjures up one of the 999 "ghosts" who will inhabit new Disneyland attraction, which will open its creaking doors in 1969. Construction site is examined (l. to r. below) by Disneyland's Ted Crowell (maintenance director), Jim Ross (legal counsel), Richard Nunis (Vice-President—Disneyland Operations) and Michael Bagnall (administration director).*

TODAY: PREPARING FOR THE FUTURE

By E. Cardon Walker
Executive Vice-President
and Chief Operating Officer

On the cover of this Annual Report, we have symbolized the growth of Walt Disney Productions from the days when Mickey Mouse was the company's only "star," to the present and future.

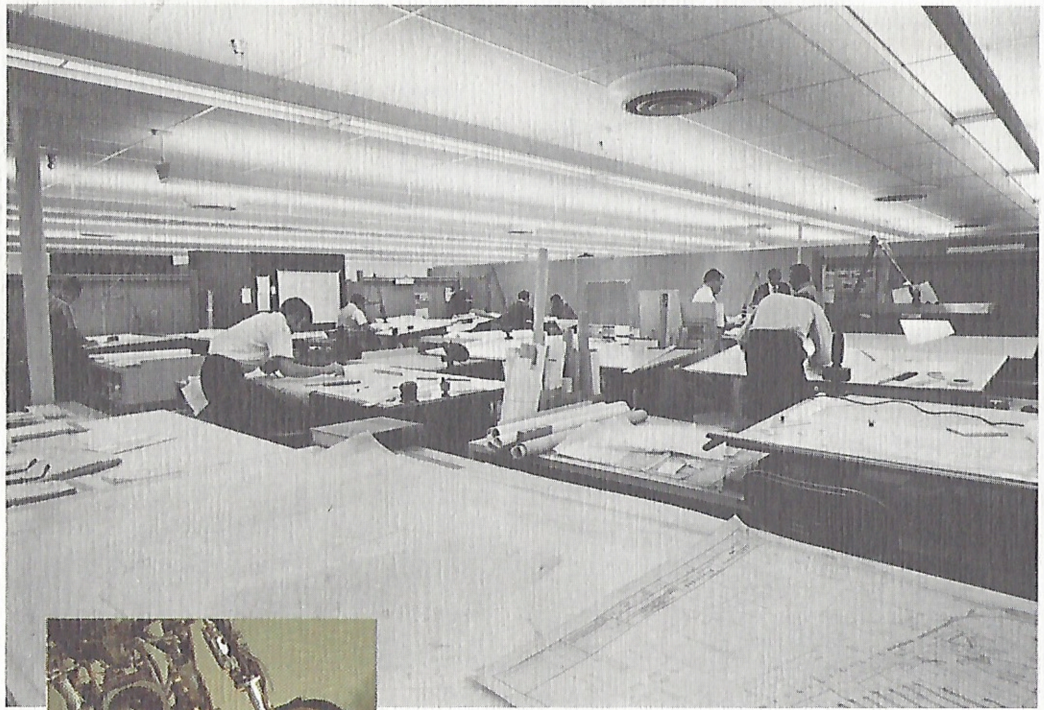
In a strong sense, our cover capsules the *forward direction* of Walt Disney Productions, and the plan for the future Walt Disney left us. Today, our preparation for the future is a solid, creative one in projects that range upward to the enormous size and opportunities of Walt Disney World in Florida. We are optimistic that all the ideas and projects now under development for tomorrow will establish new standards for the volume and variety of what we produce.

This was Walt Disney's plan, and today, to carry it out, we face the future strongly staffed with talent and experience at the top levels of production, sales and administration. The changes we have made during the past year, described by Roy Disney on the previous page, have been designed to properly cast *all* our talent in the creative production of motion pictures and television shows, the operation of Disneyland, and the long-range planning necessary to design, staff and operate our Walt Disney World and Mineral King projects.

At the studio, Ron Miller, who has served as Executive Producer for "Walt Disney's Wonderful World of Color" and as Vice-President—Television since January, 1968, has been named Executive Producer for all our film product—both motion pictures and television shows.

Working closely with our other producers, the directors and writers, Ron will be particularly concerned with developing new stories and scripts for Disney-style films. The continuing policy of the company will be to make four or five motion pictures per year, and one new cartoon feature every three or four years. This will not only keep Buena Vista, our distribution organization, healthy, but at the same time will provide a continuity of Disney product to exhibitors throughout the world. We are also investigating the possibility of distributing some films made by other companies.

Even as we devote much of our energies and our resources to other fields in the years immediately ahead, motion pictures will continue to be the very core of our business. Around our pictures revolve many of our profitable and far-reaching activities around the world in merchandising, publications, music, records, comic strips and educational materials. In the latter area, for example, virtually every school system of any size in the United States regularly uses Disney-produced materials as part of its total education program.



WED ENTERPRISES: *Nearly 400 designers, architects, engineers and craftsmen create attractions for future projects at WED and its subsidiary, MAPO Inc.*

INTRODUCING "TIGGER": *Here's the cast of animated stars for the brand new featurette, "Winnie the Pooh and the Blustery Day."*

DISNEYLAND AFTER DARK: *Dancing for teen audiences and special entertainment for all ages helped set new records again in 1968.*

As Roy Disney has told you, he is devoting his full-time energies to finding the most intelligent ways to finance our Florida project. The other great challenges today are to plan and create the attractions themselves, and—just as important—to train and build an organization that can move in and operate the entire project when it is ready.

Later in this Annual Report, we have extensively covered the master planning of Walt Disney World. This is a particularly exciting challenge, and it is being met by the creative team Walt developed over a 14-year period at WED Enterprises, where Disneyland and all its expansion programs, and the four Disney-shows at the New York World's Fair, were created and designed. This "imagineering" is going forward under the direction of WED's two Vice-Presidents, Richard Irvine and John Hench. Dick was among the first handful of people Walt brought onto the WED staff in 1952 and 1953; John first joined the company in 1942, and has been a key project designer at WED since 1954.

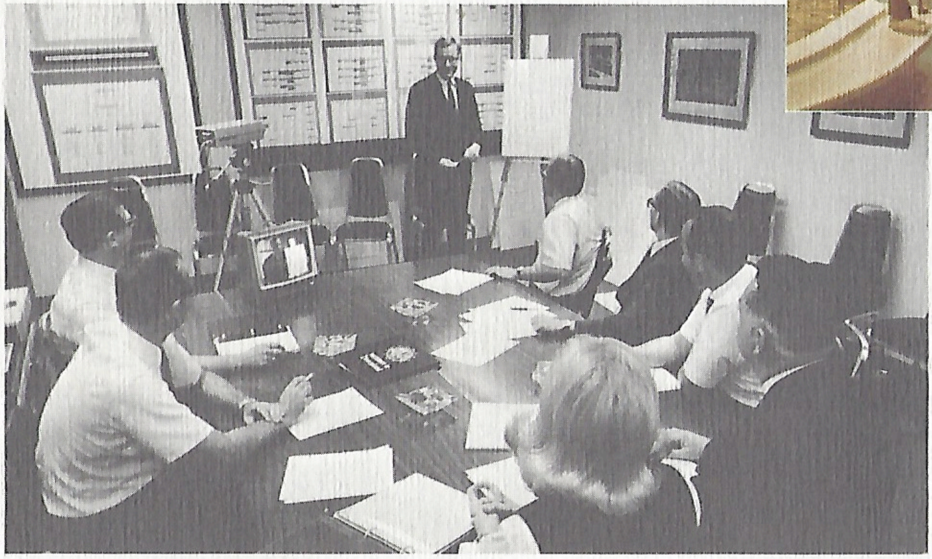
At Disneyland, we have already begun the major task of developing the key members of our staff for Walt Disney World. Several important moves designed to help us prepare for the future have recently been implemented.

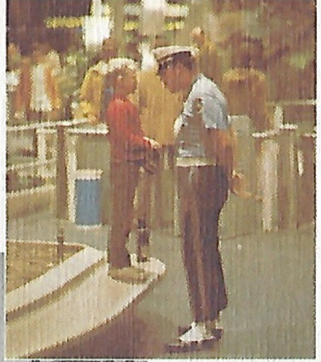
To provide the leadership in establishing this organization, and in planning for the day-to-day operation of Walt Disney World, the Board of Directors has named Richard Nunis to the position of Vice-President—Disneyland Operations. Dick came to the Park prior to its opening in 1955, and has been the driving force behind Disneyland's manner of operating almost since the beginning. He was named a Disneyland Director in 1961, and since 1967 has served as Chairman of the Park's Operating Committee, composed of the directors of all divisions.

Second, we have moved to strengthen a number of our operating divisions at Disneyland. I believe our record throughout 1968 in maintaining Disneyland's high standards during the Park's biggest year, when we played host to 9.4 million people, speaks for itself, and for the efficiency of our directors and staffs in the areas of food, merchandising, maintenance, entertainment, marketing, lessee relations, administration, operations and general services.

Third, during the year ahead, we will intensify our staff planning for future projects, so that we will be ready on opening day to provide supervisory personnel trained in "the Disney way." We have established the foundation for this program by centering our corporate training program in the so-called "University of Disneyland." This program will, of course,

"UNIVERSITY OF DISNEYLAND": *Latest training concepts, including video tape recording, are used in the company's Organizational Development program. Supervisory personnel for future projects, as well as Disneyland hosts and hostesses from tour guides to security officers, are trained here in "the Disney way."*





MUSIC & RECORDS: *"Vista" and "Disneyland" label records spun off the presses in near record numbers during 1968.*

MERCHANDISING & PUBLICATIONS: *Disney characters are featured on 1,000 to 1,500 licensed items each year, many supporting current motion picture product.*

continue to provide the "good hosts" who meet and greet our visitors throughout the Magic Kingdom. But the scope of the University of Disneyland's activities has been broadened to encompass the vital task of Organizational Development — training the managers and supervisors for Walt Disney World, Mineral King and Disneyland itself.

So this is where we stand today. Over the years, we have always been able to adjust to the times without sacrificing the quality of our product. Most of our major projects — Disneyland, the cartoon classics, the nature subjects, and a number of our live-action pictures — are blessed with timelessness and universality. But diversification has been the real key to our growth.

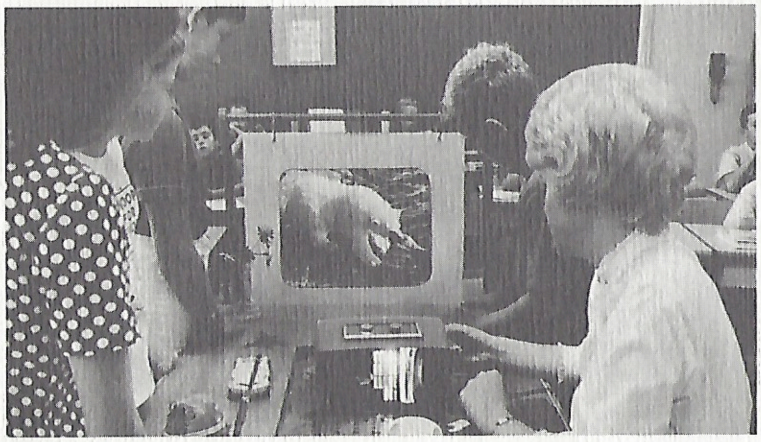
From a predominantly motion picture company, Walt Disney Productions has, by diversification into other fields, successfully avoided many of the problems that have befallen motion picture companies tied solely to the whims of a changing theatrical market. In 1954, before the opening of Disneyland, 80% of our revenue came from films; in 1968, 40% was from films, and 48% from Disneyland. Motion picture revenue has also grown through the years, but our diversification and growth in other areas is such that when Walt Disney World is in operation, films may account for a substantially lesser proportion of our gross revenue even with our plans to follow the same general production and release pattern for new pictures and re-issues.

In the years ahead, when Walt Disney World becomes a reality, we will have spanned the nation with our own brand of outdoor recreation and entertainment — leisure-time activities in which our company pioneered with Disneyland. The intent of our thorough preparation for the future is to establish still other new and imaginative standards at Walt Disney World in Florida, and Mineral King in the High Sierra Mountains of California.

To make the most of our opportunities will call upon all the talent and experience Walt gathered together over the years, in every area of the company. We sincerely believe that no other company can approach the design and operation of an outdoor recreation attraction with the reservoir of trained and proven personnel already employed by Walt Disney Productions.

Our company has never been more active than it is today. The potential for tomorrow is most exciting.

E. Cardon Walker



EDUCATIONAL MATERIALS: *Disney 8mm "single concept" films are used in small group or large class situations.*

THE LOVE BUG: *In major comedy release for 1969, sculptor extraordinaire Tennessee Steinmetz (Buddy Hackett) gets steamed up on Irish Coffee and blows a gasket. The incredible antics of "Herbie" (The Love Bug) make him the aristocrat of the mini-car set. "The Love Bug" will be off to races in March, with other cities "catching the bug" in July.*

Public acceptance of Disneyland entertainment — measured both by attendance and gross revenue — reached record levels once again in 1968. For the seventh consecutive year, the Magic Kingdom's audience exceeded the previous year's total. Among the new attendance records established were these:

- ***one year — 9,428,718 guests***
- ***single day — 72,072 on August 17***
- ***one week — 418,225 for the week ending August 17***
- ***one month — 1,558,492 visitors in August***

The percentage increase was the highest in Disneyland's history — 18.8% above the record 7,937,743 guests in 1967. The 1968 total was also 67.1% above attendance five years ago (1963), 116.6% over attendance 10 years ago (1958) and 148.1% above Disneyland's first full year of operation (1956).

The entire year was vivid proof of a *Time* magazine article appearing in mid-summer.

"Money is where the fun is," *Time* wrote in describing what it called ***"the Disneyland Effect."*** Said the magazine:

"Stated simply, the thesis is that what's missing in urban life is a sense of fun, and that once a fun area is built, it proves to be a powerful, regenerative force that brings prosperity to the whole surrounding area."

"The prototype," continued *Time,* "is Disneyland itself. In its 13 years, the $100 million amusement park in Anaheim has become California's No. 1 tourist attraction. The constant influx has helped transform Anaheim from a small, dusty town set amid orange groves into a pleasant and bustling city. To cope with the tourists, 3,500 motel and hotel rooms have been built . . . and restaurants have sprouted thick as asparagus outside the superpark's gates . . ."

To see how the lessons of Disneyland's success became "the prototype" for Walt Disney World, turn the page.

TOMORROW:

Walt Disney World

In the creation of Walt Disney World, no year may be as important to the project's ultimate development as was 1968. In the year just past, the ***solid foundation*** for the entire Florida project has been established. Now, one by one, the ***building blocks*** are ready to begin taking shape.

The visual proof is on the land itself. Eighteen months ago, it was all raw, undeveloped land. Today, nearly 2,500 acres have been made ready for development . . . 38 miles of water control channels are in process of being carved into winding canals . . . 13 automatic float gates that will control the level and flow of water have been completed, or are under construction . . . around the 3.8-mile perimeter of Bay

The photo at the right contrasts the size of Disneyland in California (230 acres indicated in yellow) to Walt Disney World in Florida (27,400 acres indicated in green). In retrospect, one major mistake was made at Disneyland: the company did not control development of the property surrounding this great tourist magnet. In 1968, Walt Disney Productions' business *inside* Disneyland exceeded $60 million. But other entrepreneurs *outside* Disneyland realized an estimated income of more than $300 million during the same period, by serving the tourists drawn there by the magic of Disneyland. Clearly, ownership of sufficient land to encompass both the tourist magnet and the service facilities is a major economic (and aesthetic) asset. It is a lesson the company learned well before embarking upon "Project Florida." ***Walt Disney World encompasses 43 square miles — twice the size of Manhattan Island, and about the same size as the city of San Francisco.***

ON-SITE REVIEW: *Relating plans to actual land clearing operations are (l. to r.) Roy Disney with WED designers, Vice-President Richard Irvine and Marvin Davis.*

Lake, white, sandy beaches have been created, 80 to 100 feet in width . . . and thousands of trees are being nurtured and tested in a 30-acre Horticultural Research Center.

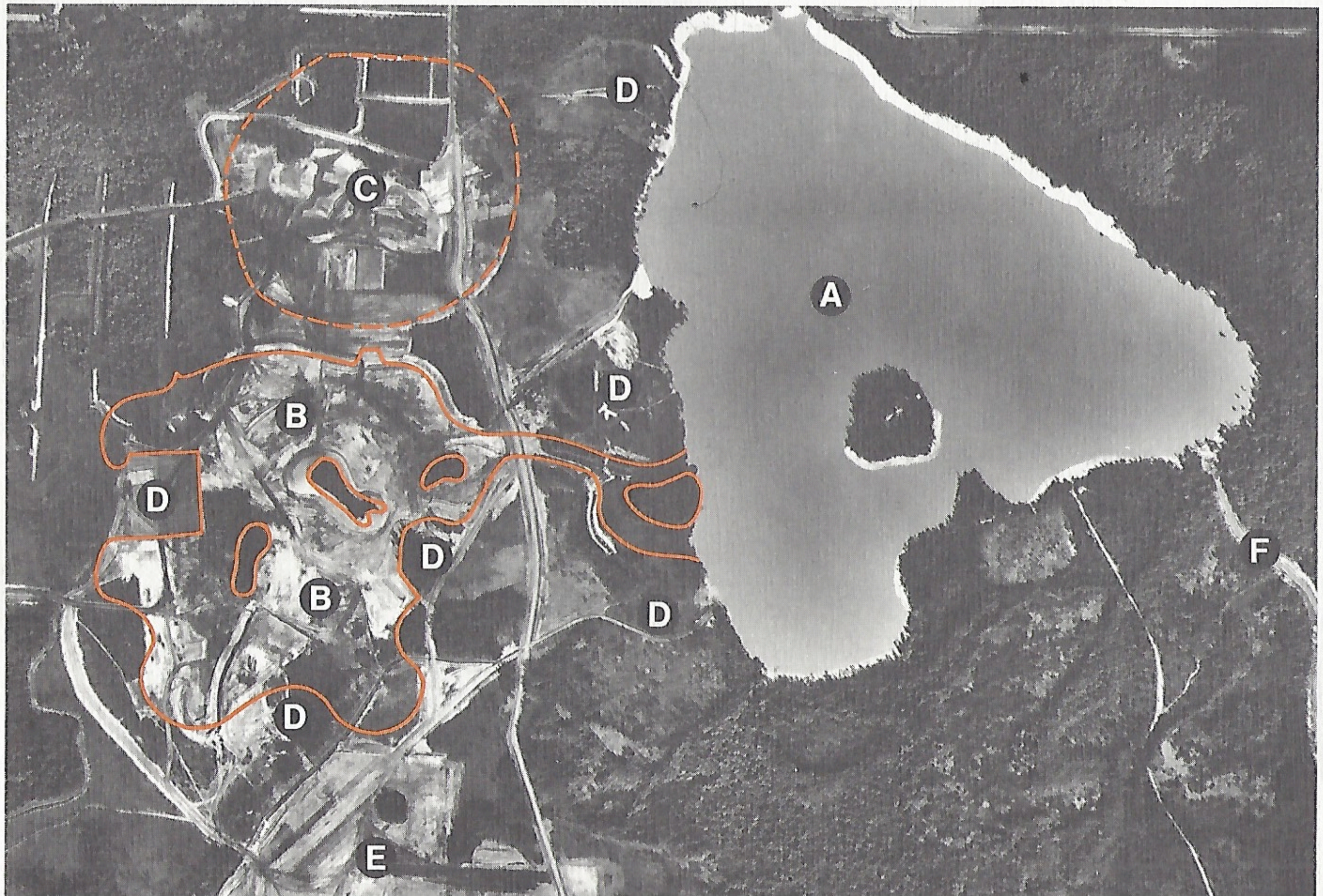
During 1968 alone, more than 1.5 million cubic yards of earth were moved to carve the broad lagoons and water channels, and raise the elevation in areas such as the future "theme park." (For purposes of comparison, those 1.5 million cubic yards would cover the entire "show" area of California's Disneyland with a blanket of earth 15 feet high.)

The water control activity—and such other important foundation elements as a Central Energy Plant, a water supply and purification facility, and a wastewater and solid waste disposal plant—is moving forward and being conducted by the Reedy Creek Improvement District. This multi-powered improvement district was created by the Florida Legislature and signed into law by Governor Claude Kirk in 1967. It is also implementing the development of Walt Disney World in such important matters as zoning regulations and building codes that will allow the use of new and imaginative systems prohibited, in many areas of the country, by antiquated codes and standards that pre-date today's industrial technology.

The Florida courts have approved the Reedy Creek Improvement District's water control plan for the entire project site. Designed to control water run-off equal to the most extensive ever recorded in central Florida, it is being coordinated with and tied into existing water control projects for the entire central and southern areas of the state. Ultimately, this project will make highly developable approximately 20,000 acres of the company's land.

While the site in Florida is being readied for actual construction, master planning has been proceeding throughout 1968 at WED Enterprises, Inc., the company's design subsidiary, in California. In the process of establishing the solid foundation for Walt Disney World, the designers, architects and engineers at WED are already planning for years one through five. Thus, the same forward-looking philosophy that continues to guide Disneyland's growth is stamping the planning of Walt Disney World. It, too, will "never be completed."

PHASE ONE: THE ENTERTAINMENT-VACATION COMPLEX In its first phase, scheduled to open in 1971, Walt Disney World will present a ***new concept in vacation lands.*** Conceived as a ***destination resort*** for tourists and vacationers, it will be built around a



PHASE ONE PREPARATION

Aerial photo at left details the progress in land preparation for Phase One, through November 1968. The letters A through F are a partial listing of attractions and approximate building locations.

A — Bay Lake

B — Lagoon — extension of Bay Lake

C — Theme Park

D — Locations for first and future Theme Resort Hotels

E — Auto Park area

F — Water control channel

theme park similar to the proven success — California's Disneyland.

In Florida, however, the "new Disneyland" will be just one of many entertainment, recreation and vacation attractions. The guest visiting Walt Disney World in its first years will find a complete "Vacation Kingdom," catering to the needs of visitors who stop for a day, stay for a week, or spend their entire vacation headquartered at a "theme resort" hotel located on the shores of Bay Lake, or along the new lagoon.

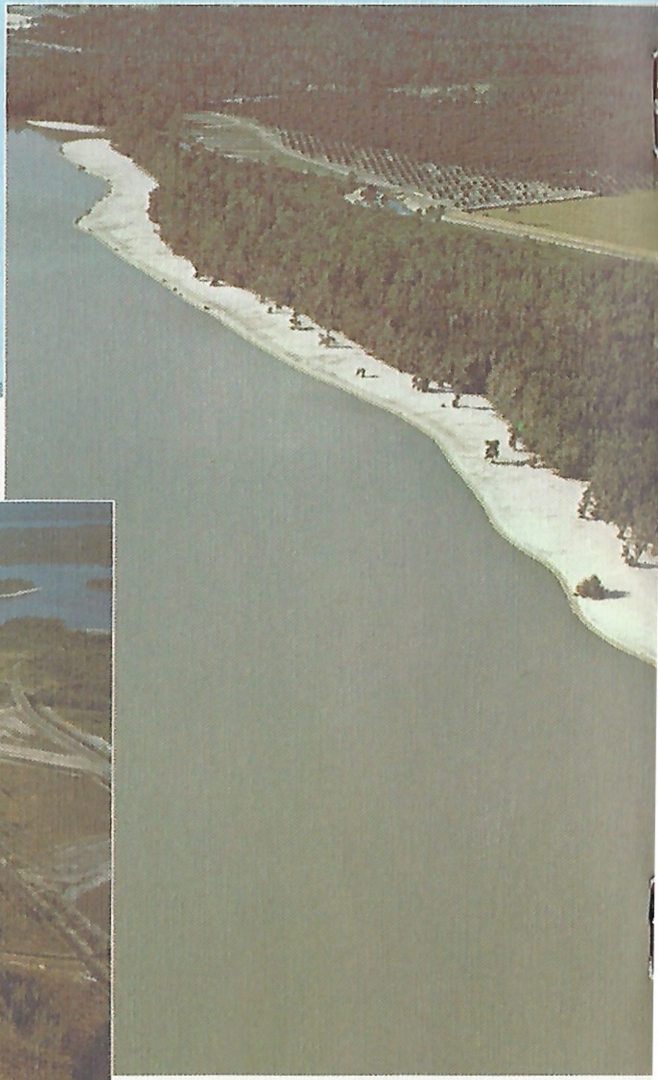
In addition to the family adventures of the "new Disneyland" theme park, both land and water recreation will be available. Major emphasis is being placed on the enhancement, beautification and enlargement of Bay Lake into a three-mile waterway, where boating, sailing, water sports and spectaculars will be offered to vacationers.

THE "BUILDING BLOCKS" The planning at WED is both short term (for the Phase One "vacationland") and long-range (encompassing land uses for the entire project site including such future developments as an industrial park, an entrance and reception complex, and EPCOT — Walt Disney's dream of an Experimental Prototype Community of Tomorrow).

Thus, while the opening of the entertainment-vacation complex is relatively close at hand, the most important considerations in master planning are the long-term aspects — the total use of the land. How the site is prepared for development today, will determine its long range value for the future uses that are contemplated.

For these reasons, master planning at WED has taken the *building block* approach. Phase One will lay the foundation — the first "building block." Sub-

BAY LAKE BEACHES: *Fine white sand now lines the shoreline of scenic Bay Lake. Sand for the beaches was dredged from the lake's bottom.*



LAND CLEARING: *Much of the clearing for the extension of Bay Lake into a three-mile lagoon is visible in this photo. View is from a theme resort location, looking toward the theme park (upper left) and Bay Lake (upper right).*

sequent development will build upon this foundation, and become in itself the building blocks for each future development.

Several examples serve to illustrate the approach:

• While all potential sites for "theme resorts" will not be utilized in Phase One, locations are being planned and laid out for the first and future hotels along the shores of the lagoon and Bay Lake.

• While *control* of water is vital, *conservation* of water to maintain the natural ecology of the area — the pristine beauty of the site in its natural state — is just as important. The proper balance must be maintained, for the area is rich in natural stands of cypress, pine and bay trees — wilderness and wildlife areas of great natural beauty. These areas, properly maintained and enhanced, will one day become attractions in themselves.

• Plans are being studied for a "total integrated communications system" that ranges from telephones and mobil radios to closed-circuit television and automatic monitoring devices. The heart of the total system, of course, is the computer, which will link all the individual systems to provide day-to-day administrative and operational information. Its potential uses also include credit card and reservation systems for hotel rooms, entertainment, food and recreation attractions.

The task of determining these basic "building blocks" has been a two and three year effort involving the company's own personnel, as well as advice and concepts from outstanding experts in many fields. Some of America's foremost companies and independent specialists have provided criteria, eco-

WATER CONTROL: *Two canals that will help control water run-off at Walt Disney World intersect (left). The automatic control gates under construction in photos above and at left are typical of the 13 already completed or in progress.*

nomic feasibility studies and recommendations.

These recommendations range from new concepts — such as an advanced vacuum sanitation collection system — to the practical lessons provided by 13 years of experience at Disneyland. A prime recommendation Disneyland's experience provided is the design of a central, underground "corridor" running beneath the theme park, providing access for all utilities, supplies and personnel.

Today, the concepts selected over the past three years are being implemented in engineering drawings, many of which will be put out for bids in 1969.

ON-SITE RESEARCH Although most of the design parameters have already been established, several kinds of study and analysis — such as aerial surveys and soil and foundation tests — continue to be pursued in the most thorough and complete fashion.

In addition, the U.S. Geological Survey, working with the Reedy Creek Improvement District, has established a weather station on the northwest shore of Bay Lake. Its purpose is to monitor and collect data measuring various climatic conditions.

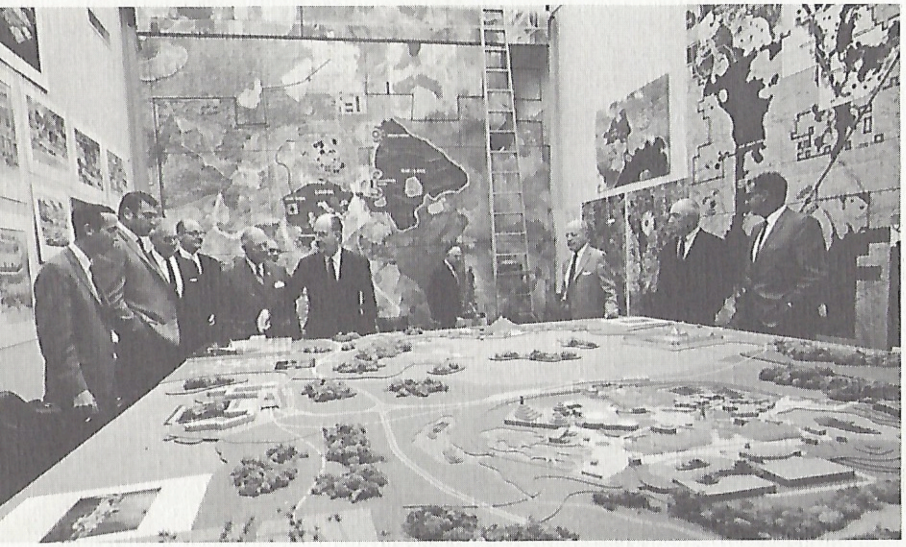
Perhaps the most interesting on-site information project is the Horticultural Research Center. On its 30 acres, more than 125 varieties of trees and plants are undergoing testing to determine their potential use; certain plants may be unsuitable due to frost or soil conditions, or their inability to stand transplanting.

Today, the center has an inventory of 6,500 plants, many of which have never grown in Florida before. Among the most surprising (and so far among the most thriving) are the redwood trees that grow naturally only in California. Other trees, as young stock, have origins as far away as Africa, Japan and New Zealand. Eventually, these trees will be transplanted throughout Walt Disney World.

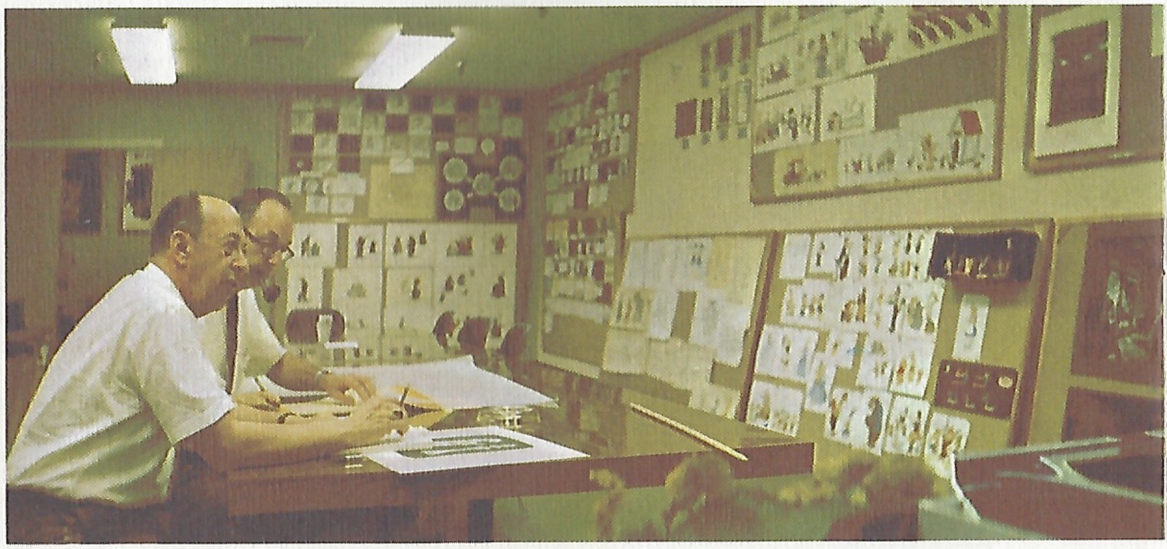
THE "SHOW PHILOSOPHY" During 1968, while the land was being prepared for actual construction, major design emphasis has been placed on the *show philosophy* for the "new Disneyland" theme park. In size, and in its general shape, it will parallel many of the features of California's Disneyland.

Although many attractions will be familiar to the 76 million people who have already visited California's Disneyland, many more will be unique to the new theme park in Walt Disney World. The "complete vacationland" concept — with its water orientation and the inter-relationship between the theme park and theme resorts — has effected many variations.

MASTER PLANNING: *In Florida Conference Room, the company's Board of Directors receives concept briefing from John Hench (pointing), WED Vice-President and designer.*



SHOW CONCEPTS: *Sketches and storyboards fill conference rooms like this at WED. Here, Marc Davis, project designer, and Wathel Rogers, R&D designer, work on show ideas.*



As Disneyland now does, however, the new theme park in Walt Disney World will strongly reflect the wonder worlds of nature, the classic stories of childhood, and the spirit of America as we prize it — the nostalgia of the past, and the abiding faith and dreams for man's future.

It is in this spirit that American industry is being invited to participate in the "new Disneyland" in Walt Disney World. Both in quality and quantity, Disneyland's audience in California has proved to be of major importance to industry. In a real sense, the prevailing attitude of "fun" and active participation has made Disneyland much more than a traditional advertising medium. The "new Disneyland," too, will provide a common meeting ground for the interests of both public and industry.

In these ways and many more, Walt Disney World has moved forward toward reality. Much of the progress is visible on the land, as the pictures on these pages illustrate. But most of the work — the in-depth expertise and thorough master-planning — will never be seen. Without the **SOLID FOUNDATION** *this thoroughness provides, the true potentials of Walt Disney World could never be realized. With it, as time passes, all the* **BUILDING BLOCKS** *will fit neatly into place.*

TESTING CENTER: *More than 6,500 trees from around the world are being tested at the Horticultural Research Center (left). Trees above are young stock being specially trained to meet Walt Disney World design requirements. At the right, plant is being shaped into a mountain goat — one of many "animals" now being fashioned in topiary form.*

TOMORROW:
MOTION PICTURES AND TELEVISION

Under the creative guidance of Ron Miller, newly named Executive Producer, the studio, in 1969, will embark upon an ambitious production program designed to provide a continuity of theatrical product for the next three years.

For more than two years, producer Winston Hibler's cameramen have been on location in the Canadian Rockies, tracking the fierce, 1,300-pound grizzly. This mightiest of all creatures on the North American continent is the star attraction in *Biography of a Grizzly,* a filmization of the Ernest Thompson Seton story and a highlight of the studio's 1970 release schedule.

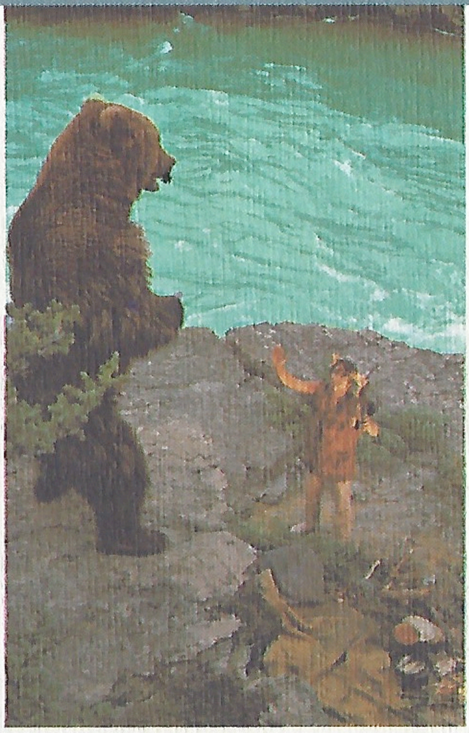
At the same time, Hibler has been preparing for production on a Jules Verne-styled adventure in the tradition of *20,000 Leagues Under the Sea.* Set in the late nineteenth century, *The Island at the Top of the World* pits three adventurers against a kingdom of Viking descendants on a secret, mist-shrouded, volcanically-heated paradise in the high arctic region. No studio is better equipped to produce this epic fiction story, with its requirements for the kind of technical innovation that has won so many special awards for our staff over the years.

Bill Walsh and Don DaGradi, the talented production-writing team who were joined by director Robert Stevenson on such Disney hits as *The Absent-Minded Professor, Mary Poppins, Blackbeard's Ghost* and the upcoming *The Love Bug,* are nearing production on two major properties.

Scheduled to go before the cameras during Spring, 1969, is *Scandalous John,* a comedy-western about a modern day Don Quixote — an eccentric veterinarian who criss-crosses the country in a series of windmill-tilting adventures, particularly a cattle drive from Arizona to Chicago . . . with one cow.

Like *Mary Poppins,* the future *Bedknob and Broomstick* will combine live action and animation with an original musical score, already completed, by Richard M. and Robert B. Sherman. This musical comedy — a magical tale about an amateur witch, three children and their journeys into fantasy aboard a high-flying four poster bed — will be produced by Walsh and DaGradi during 1970.

TELEVISION: *Executive Producer Ron Miller and Barabbas, the St. Bernard star of "My Dog, The Thief."*



ANIMAL ADVENTURE: *A suspense-filled scene from "Biography of a Grizzly."*

SET DESIGN: *Producer Winston Hibler prepares "The Island at the Top of the World."*

Three other properties planned for production during 1969 offer a wide range of adventure, comedy and mystery. *A Journey to Matecumbe* will be a filmization of Pulitzer Prize-winning author Robert Lewis Taylor's novel about a boy's adventures in the post-Civil War South.

The Boatniks is a comedy-mystery involving a Coast Guard Lieutenant and the boating enthusiasts he supervises in Newport Harbor.

Bill Anderson will produce a mystery tentatively titled *A Scent of Roses*, in which an 11 year old girl follows a trail of intrigue through upstate New York.

With *The Jungle Book* well into release and soaring to a record setting $11,000,000 domestic box office gross, our animation team is already well into its production of *The Aristocats*. Set in the Paris of 1910, this is the charming story of a cat and three kittens who fall heir to a dowager's fortune. Co-produced by Winston Hibler and Woolie Reitherman and directed by Reitherman, the production features original songs by Dick and Bob Sherman and is scheduled for release during Christmas, 1970.

In the field of television, production has been completed on the 1968-69 season of Walt Disney's Wonderful World of Color, and filming has begun on episodes for 1969-70. Our contract with the National Broadcasting Company has already been extended through that period, and an option has been granted to the network for the 1970-71 season.

Now in production under the guidance of Roy E. Disney is *Varda, the Peregrine Falcon*, which follows a female falcon during her migration from Alaska to Florida. Disney is also developing *Yucatan Monkey*, and *Cristobalito, Horse of the Conquistador*, the latter a poignant two-part drama about a small boy and the injured stallion he saves from being shot.

Bill Anderson is now casting *Something's Happened to Dexter*, a two-part comedy about a college boy who becomes a walking computer.

Producer Harry Tytle is preparing *Snow Bear*, a two-part teleplay about an Eskimo boy and a polar bear, set for filming in Alaska next spring.

Veteran nature producer Jim Algar has scheduled filming of *Wild Geese Calling* for January on the Colorado River along the California-Arizona border.

Berlioz *Marie Antoinette* *Toulouse*

O'Malley

STORY BOARDS: *Don DaGradi and Bill Walsh plan combined animation and live action scenes for "Bedknob and Broomstick."*

ANIMATION: *Character sketches for "The Aristocats," now in its second year of production.*

Roquefort

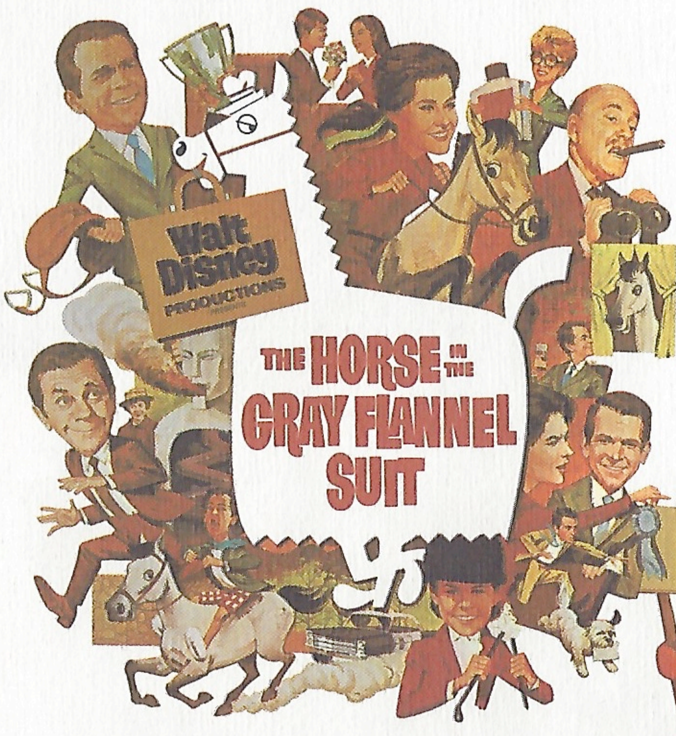
The Duchesse

MOTION PICTURES – *1969 Releases*

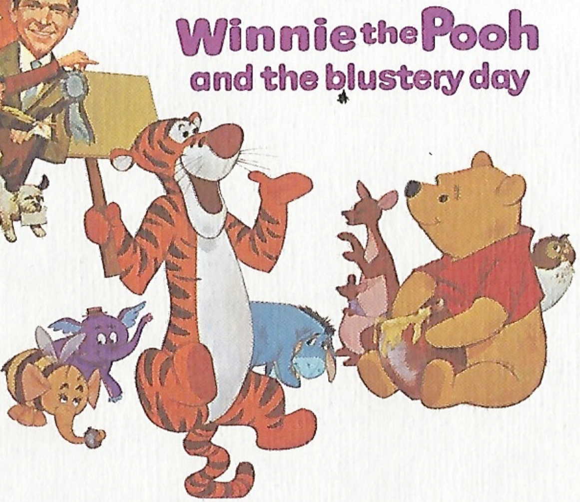
The diverse line-up of motion picture releases for fiscal 1969 reflects the studio's continuing commitment to Walt Disney's concept of presenting only the finest in family entertainment.

Along with an exciting panorama of comedy, animation, modern fantasy, drama and animal adventure, the company will offer *Swiss Family Robinson* and *Peter Pan*, two re-issues from its library of timeless classics.

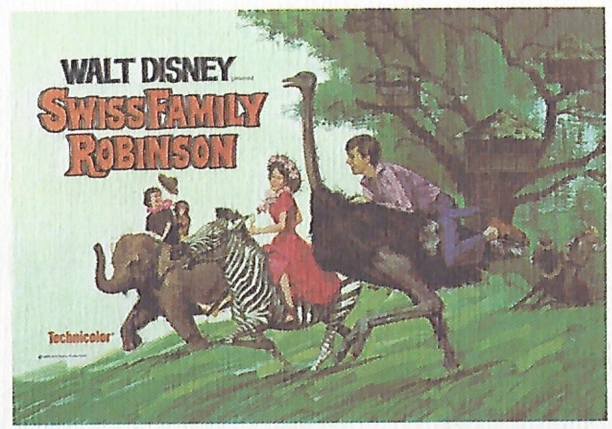
These films, plus the many outstanding properties now under development, assure a continuity of progressive, contemporary Disney motion picture entertainment during the years ahead.



Christmas '68 . . . *The holiday fun leads from Madison Avenue to the Washington, D.C., International Horse Show as Dean Jones and Diane Baker star in this comedy-romance about high society, championship jumping horses and a zany advertising campaign.*

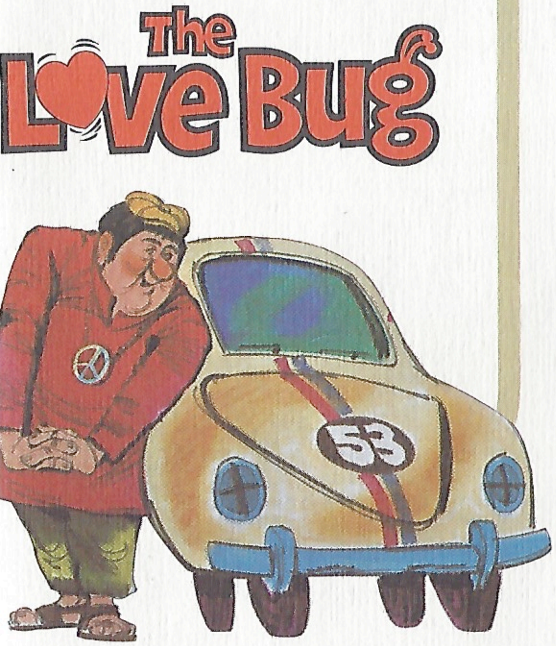


A wonderful new character named Tigger joins all of your favorite A. A. Milne characters in the Studio's second Winnie The Pooh featurette, a Christmas companion offering with The Horse in the Gray Flannel Suit.

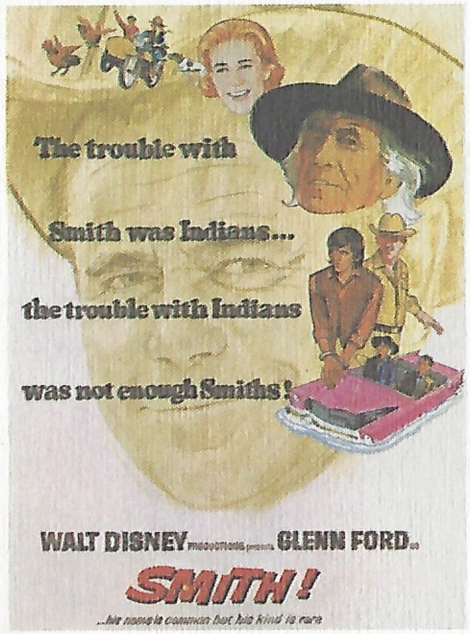


February . . . *From the Disney treasury of box office champions comes the re-issue of this adventure tale about a Swiss family, its fabled treehouse and life on a deserted tropic isle.*

Exclusive engagements in 50 cities during Easter, with general release throughout the summer, 1969.

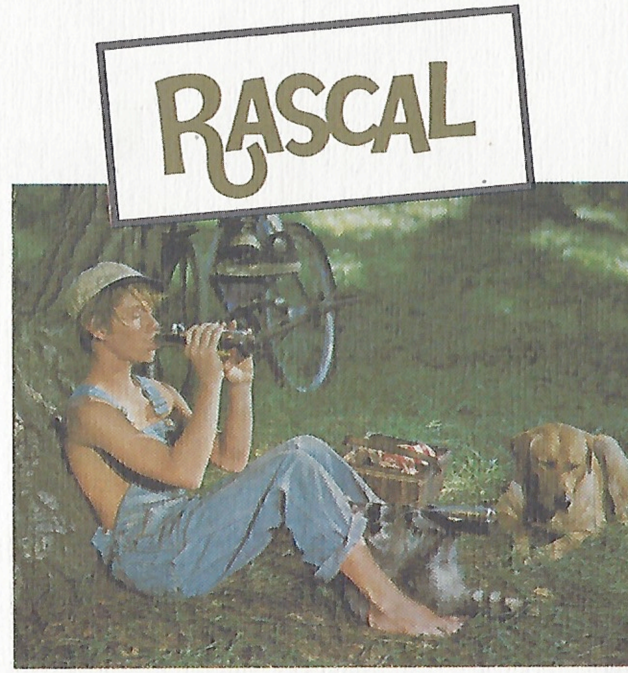


Here's Disney entertainment at its best . . . pure fantasy and laugh-a-minute fun. Dean Jones, Michele Lee, David Tomlinson and Buddy Hackett star in this comedy about a young race driver, a pretty girl, a dastardly villain, a "beat" sculptor and "Herbie," a small car with a mind of its own.



March . . . *Glenn Ford, in his first appearance before the Disney cameras, headlines this contemporary western about an Idaho rancher and his struggle to gain justice for the Nez Perce Indians.*

June . . . *Peter Pan, Wendy, Tinker Bell, Captain Hook and Mr. Smee return to enchant another generation in Walt Disney's screen adaptation of the J. M. Barrie classic.*



July . . . *From Sterling North's best-selling novel comes this compelling story of a boy and a raccoon, who share one wonderful summer in the Wisconsin woods.*

MINERAL KING

Substantial progress has been made during the past year toward the company's goal of creating, under the administration of the U.S. Forest Service, a year-round public recreational facility at Mineral King in California's High Sierra. This magnificent alpine valley has been described as potentially the finest winter sports and summer recreation area in North America.

A three-year planning permit granted to Walt Disney Productions by the Forest Service in January, 1966, required the corporation to finalize and gain approval of a master plan for the entire project, and to obtain a commitment for the construction of an all-weather access road.

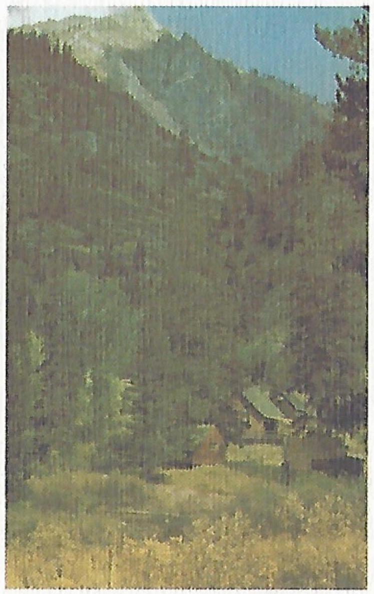
During 1967, the California Highway Commission approved a seven-year financing program for road construction, and adopted the State Highway Engineers' 20.4-mile route from Three Rivers to Mineral King, 8.5 miles of which cross a portion of Sequoia National Park.

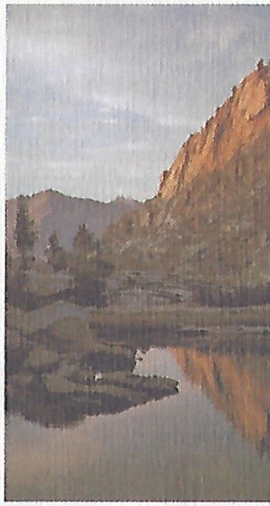
In November, 1968, the Department of Interior, which administers Sequoia National Park, announced its approval of the route, as adopted by the California Highway Commission. Upon final resolution of design standards, the Department of Interior has signified that it will grant the necessary right-of-way for the road to cross Sequoia National Park.

Meanwhile, in October, the California Highwa Commission approved an expenditure of $1.8 millio for fiscal 1969, to cover the cost of grading the firs 2.4 miles of the road.

Throughout the year, a series of meetings was hel with officials of the U. S. Forest Service to revie progress on design and master planning. Fina approval of the master plan is now projected fo early 1969, within the time set forth by the Fores Service under the original planning permit.

Thereafter, the Forest Service will issue a 30-yea renewable term permit, under which the recreationa area will be constructed. It is estimated that the firs facilities will be open to the public for the winter sea son of 1973.





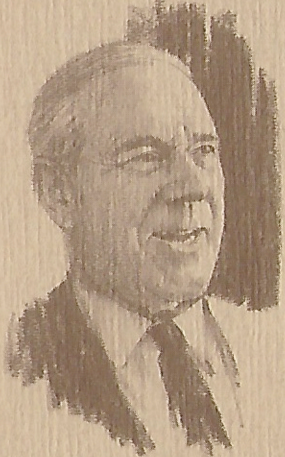
FINANCIAL HIGHLIGHTS

1968

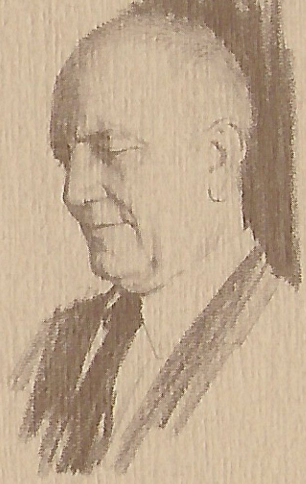
WALT DISNEY PRODUCTIONS

	1968	*1967*
Total income	$137,146,000	$117,486,000
Income before federal income taxes	$ 24,906,000	$ 19,567,000
Federal income taxes	$ 11,800,000	$ 8,300,000
Net income	$ 13,106,000	$ 11,267,000
Per share	$3.08	$2.66
Total assets	$165,038,000	$118,628,000
Working capital	$ 52,561,000	$ 21,411,000
Stockholders equity	$ 90,308,000	$ 77,210,000
Per share	$21.19	$18.25
Total shares outstanding	4,261,497	4,229,844
Stockholders at year end	15,700	12,400
Disneyland attendance	9,429,000	7,938,000

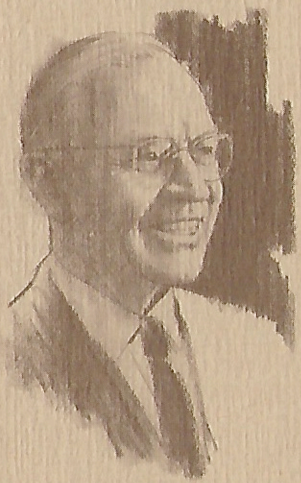
BOARD OF DIRECTORS



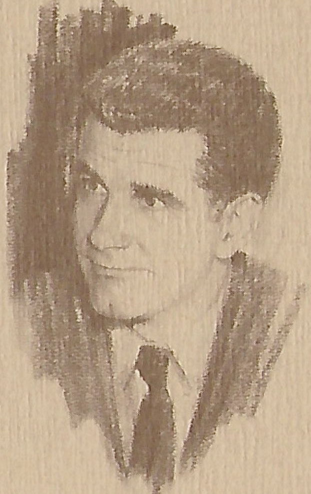
GEORGE L. BAGNALL
President—George Bagnall and Associates



WILLIAM H. ANDERSON
Vice President—Production and Studio Operations

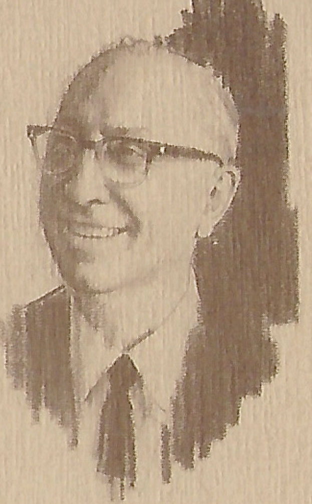


S. CLARK BEISE
Chairman Executive Committee, Bank of America



E. CARDON WALKER*
Executive Vice President and Chief Operating Officer

GORDON E. YOUNGMAN
Senior Partner, Youngman, Hungate and Leopold



ROY O. DISNEY*
Chairman of the Board

RONALD W. MILLER
Vice President—Executive Producer

DONN B. TATUM*
President and Vice Chairman of the Board

ROY E. DISNEY
Producer

*Member Executive Committee

THE PRESIDENT'S LETTER

It is with the feeling of great responsibility, mixed with a sense of the honor, that I address to you my first President's letter.

This year was a strong one for your company. Gross revenues reached a new high for the eighth year in a row, totaling $137,146,000 as compared with $117,486,000 for 1967. The principal reason for the advance in gross revenues is the substantial increase in attendance at Disneyland, which reached 9,428,718 people as compared with 7,937,743 last year.

Theatrical film rentals increased by $2,783,000. Television income was down by $247,000, Disneyland and other entertainment activities revenues were up by $14,286,000, and other revenues increased over last year by $2,838,000.

Consolidated net income of Walt Disney Productions and its domestic subsidiaries for the fiscal year ended September 28, 1968, amounted to $13,106,000, equal to $3.08 per share. These are record earnings for the company and compare with $10,367,000 or $2.44 per share last year before an extraordinary item — $900,000 non-taxable life insurance proceeds, or 22¢ per share. Total net income last year was $11,267,000, equal to $2.66 per share.

The current year's results reflect an increase from 10 to 12 years in the estimated economic life of Disneyland's physical assets based upon a recognition of the higher caliber of construction at Disneyland in the past few years, as well as the demonstrated longevity of Disneyland's principal attractions in terms of audience appeal. This had a favorable effect upon earnings of approximately 18¢ per share.

Provision for income taxes this year totaled $11,800,000 in comparison with last year's provision of $8,300,000. The imposition of the Federal Income Surtax increased taxes this year by approximately 17¢ per share.

Capital disbursements for plant and equipment totaled $13,728,000. "Entertainment attractions and facilities" on the balance sheet include $6,995,000 of work in progress relating to the Walt Disney World Co. project in Florida which is presently anticipated to open in late 1971.

The company is deferring preliminary planning and design costs of $5,859,000 relating to Walt Disney World Co. until such time as it commences active operations.

During the coming year we plan to finalize the definition of the first phase of the Florida project and announce its opening date and to implement this by substantial capital expenditures. Depending upon the speed with which we can conclude basic plans, the availability of critical long lead-time items and the settlement of basic collective bargaining agreements, these expenditures next year could reach approximately $35,000,000.

In connection with the Walt Disney World Co. project the following financing arrangements have been concluded:

On January 17, 1968 the company issued $40,000,000 of 4½% convertible subordinated debentures, due January 15, 1993. At the option of the holders, the notes are convertible at any time into common stock of the company at the rate of one share of common stock for each $65 of principal.

On May 1, 1968 the company entered into a credit agreement with the Bank of America providing for a revolving line of credit of up to $50,000,000. A group of leading Florida banks were invited to participate as to $9,000,000 of this credit, and did so. No borrowings are likely against the line for a number of months.

A stock split authorized by the Board of Directors and stockholders resulted in each stockholder of record on October 26, 1967 receiving one additional share of common stock for each share already held. In addition, the par value of the stock was changed from $2.50 to $1.25 per share. Cash dividends paid this last year totaled $1,261,000. A 3% stock dividend paid on January 1, 1968 to holders of record on December 6, 1967 amounted to 123,200 shares and resulted in a $6,579,000 transfer from accumulated earnings to invested capital. The Board of Directors on November 14, 1968 declared a quarterly cash dividend of 7½¢ per share and a 2% stock dividend payable on January 2, 1969 to stockholders of record on December 2, 1968. In view of the substantial capital investment program ahead of the company, particularly in connection with the Walt Disney World Co. development in Florida, it was deemed appropriate by the Board to conform the stock dividend to the provisions on dilution of shareholder's equity beyond 2% contained in the Indenture Agreement covering the recently issued convertible debentures. It is likely that a similar dividend policy will continue, but it will be reviewed periodically by the Board of Directors in light of earnings and other factors. This policy results in the company being allowed to retain funds equivalent to the value of the stock dividend for use in its expansion program, and allows those stockholders who wish to have the cash to sell the dividend shares. The chart on Page 27 illustrates the growth in stockholder's equity to which this policy has very largely contributed.

In accordance with the authority previously granted by the shareholders, there were as of the end of the fiscal year 367,806 shares of stock under option to 491 employees. During the year 143 employees exercised their options as to 31,653 shares resulting in $1,253,000 of additional invested capital paid in to the company's treasury.

Underlying this satisfactory financial report are less apparent factors of great importance — namely, a fine in-depth organization of men and women who are dedicated to the continued progress of the company and whose competence and enthusiasm can give us all confidence as we look to the future.

December 3, 1968
Burbank, California

Donn B. Tatum

President and Vice Chairman of the Board

CONSOLIDATED BALANCE SHEET

ASSETS

	Sept. 28, 1968	Sept. 30, 1967
CURRENT ASSETS		
Cash — including time deposits of $19,416,000 (note 4)	$ 26,637,000	$ 4,708,000
Short term investments, at cost which approximates market	15,016,000	
Accounts receivable and advances	6,269,000	4,271,000
Inventories — at the lower of cost or market		
Completed productions — less amortization (note 2)	11,877,000	17,264,000
Productions in process	13,143,000	12,215,000
Story rights and pre-production costs	1,111,000	1,888,000
Merchandise, materials and supplies	3,539,000	3,083,000
Total current assets	77,592,000	43,429,000
ENTERTAINMENT ATTRACTIONS AND FACILITIES — at cost (note 3)	86,238,000	75,941,000
Less accumulated depreciation	*(31,182,000)*	*(26,349,000)*
	55,056,000	49,592,000
STUDIO BUILDINGS, EQUIPMENT AND OTHER PROPERTIES — at cost	21,670,000	19,020,000
Less accumulated depreciation	*(10,432,000)*	*(9,204,000)*
	11,238,000	9,816,000
LAND — at cost (note 4)	12,156,000	11,919,000
OTHER ASSETS		
Patents — at cost less amortization	1,772,000	2,016,000
Investments in foreign subsidiaries not consolidated (note 1)	172,000	166,000
Deferred costs of Florida Project (note 3)	5,859,000	1,035,000
Sundry other assets and deferred charges	1,193,000	655,000
	8,996,000	3,872,000
	$165,038,000	$118,628,000

See notes to the financial statements on page 25

LIABILITIES AND STOCKHOLDERS EQUITY

	Sept. 28, 1968	Sept. 30, 1967
CURRENT LIABILITIES		
Instalments due within year on notes payable	$ 1,532,000	$ 2,540,000
Accounts payable	7,562,000	5,709,000
Advance under contract	1,000,000	1,000,000
Payroll and employee benefits	2,983,000	2,862,000
Property, payroll and other taxes	2,897,000	2,613,000
Estimated federal income taxes (note 5)	9,057,000	7,294,000
Total current liabilities	25,031,000	22,018,000
UNEARNED DEPOSITS AND RENTALS	1,881,000	1,559,000
LONG TERM LIABILITIES		
4½% convertible debentures (note 4)	40,000,000	
Notes payable—less current instalments (note 4)	2,135,000	13,703,000
Deferred compensation	783,000	938,000
	42,918,000	14,641,000
ESTIMATED DEFERRED FEDERAL INCOME TAXES (note 5)	4,900,000	3,200,000
COMMITMENTS (note 9)		
STOCKHOLDERS EQUITY—per accompanying statement		
Invested capital (note 7)	39,428,000	31,596,000
Accumulated earnings (notes 4 and 7)	50,880,000	45,614,000
	90,308,000	77,210,000
	$165,038,000	$118,628,000

See notes to the financial statements on page 25

STATEMENT OF CONSOLIDATED INCOME

	Year Ended Sept. 28, 1968	Sept. 30, 1967
INCOME (note 8)		
Theatrical films	$ 46,935,000	$ 44,152,000
Television	7,630,000	7,877,000
Disneyland Park and other entertainment activities	66,682,000	52,396,000
Other — publications, merchandising, music and records	15,899,000	13,061,000
Total income	137,146,000	117,486,000
COSTS AND EXPENSES		
Amortization of theatrical and television production costs (note 2)	18,296,000	13,748,000
Distribution costs — prints, advertising, etc.	18,102,000	19,192,000
Costs of Disneyland Park and other entertainment activities	46,925,000	41,298,000
Costs applicable to other income	11,633,000	9,381,000
General, administrative and selling expenses	14,527,000	12,316,000
Interest — net of interest income (note 3)	270,000	894,000
Story, pre-production and imagineering costs abandoned	2,487,000	1,990,000
Estimated federal income taxes (note 5)	11,800,000	8,300,000
Total costs and expenses	124,040,000	107,119,000
INCOME BEFORE EXTRAORDINARY ITEM	13,106,000	10,367,000
Life Insurance Proceeds (non-taxable)		900,000
NET INCOME	$ 13,106,000	$ 11,267,000
PER SHARE (adjusted for stock split and stock dividend)		
Income before extraordinary item	$ 3.08	$ 2.44
Life insurance proceeds		.22
Net income	$ 3.08	$ 2.66
Pro forma net income (assuming exercise of all outstanding options and conversion of all outstanding debentures)	$ 2.76	

See notes to the financial statements on page 25

STOCKHOLDERS EQUITY

	Year Ended Sept. 28, 1968	Sept. 30, 1967
INVESTED CAPITAL (note 7)		
At beginning of year	$31,596,000	$26,760,000
Stock dividends — market value of 123,200 and 117,628 shares issued . . .	6,579,000	3,654,000
Stock options — proceeds from exercise of 31,653 and 81,512 shares . . .	1,253,000	1,182,000
At end of year	39,428,000	31,596,000
ACCUMULATED EARNINGS (notes 4 and 7)		
At beginning of year	45,614,000	38,813,000
Net income for the year	13,106,000	11,267,000
Dividends paid		
In cash (30¢ and 20¢ per share)	*(1,261,000)*	*(812,000)*
In stock	*(6,579,000)*	*(3,654,000)*
At end of year	50,880,000	45,614,000
TOTAL STOCKHOLDERS EQUITY	$90,308,000	$77,210,000
REPRESENTED BY		
Common shares, $1.25 par value (note 7)		
Authorized	7,500,000	7,500,000
Issued and outstanding (adjusted for stock split and dividend) . . .	4,261,497	4,229,844

See notes to the financial statements on page 25

SOURCES AND USES OF CONSOLIDATED WORKING CAPITAL

	Year Ended	
	Sept. 28, 1968	*Sept. 30, 1967*
WORKING CAPITAL CAME FROM		
Net income	$13,106,000	$11,267,000
Plus non-cash charges to income account		
Depreciation	6,605,000	7,609,000
Patents amortization	244,000	245,000
Deferred federal income taxes	1,700,000	1,050,000
Life insurance proceeds		600,000
Proceeds from exercise of stock options	1,253,000	1,182,000
Sale of 4½% convertible debentures	40,000,000	
Other borrowings		10,000,000
	62,908,000	31,953,000
WORKING CAPITAL WAS USED FOR		
Additions to plant and equipment		
Entertainment attractions and facilities		
Disneyland Park and Celebrities	2,709,000	21,571,000
Walt Disney World Co.	7,870,000	
Studio buildings, equipment and other properties	2,912,000	1,425,000
Land	237,000	268,000
	13,728,000	23,264,000
Payments on long term borrowings	11,568,000	2,747,000
Cash dividends	1,261,000	812,000
Other — principally Walt Disney World Co.	5,201,000	630,000
	31,758,000	27,453,000
INCREASE IN WORKING CAPITAL	$31,150,000	$ 4,500,000
WORKING CAPITAL AT END OF YEAR	$52,561,000	$21,411,000

Opinion of Independent Accountants

To the Board of Directors and Stockholders of Walt Disney Productions

In our opinion, the accompanying consolidated balance sheet, the related statements of consolidated income and stockholders equity and the statement of sources and uses of consolidated working capital present fairly the financial position of Walt Disney Productions and domestic subsidiaries at September 28, 1968, the results of their operations and the supplementary information on sources and uses of working capital for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

Los Angeles, California
December 3, 1968

NOTES TO THE FINANCIAL STATEMENTS

Note 1 PRINCIPLES OF CONSOLIDATION

The accounts of domestic subsidiaries, all wholly-owned, have been consolidated in the accompanying financial statements and all significant intercompany transactions have been eliminated.

The accounts of foreign subsidiaries have not been consolidated. These companies produce and distribute pictures, carry on the company's character merchandising business and publish music in various countries. As at year end, these subsidiaries had total assets of $2,984,000 and net assets of $483,000. The company's equity in these net assets exceeded the carrying value of its investments therein by $313,000. During the year ended September 28, 1968 the net loss of these unconsolidated subsidiaries amounted to approximately $251,000; dividends received from them totaled $186,000 which amount has been included in other income.

Note 2 INVENTORIES AND FILM AMORTIZATION

Costs of completed theatrical and television productions are amortized by charges to income in the proportion that the producer's share of income (film rentals less distribution, print, co-producer participation and advertising costs) received by the company for each production bears to the estimated total of such income to be received. Such estimates of total income are reviewed periodically and amortization is adjusted accordingly.

Note 3 ENTERTAINMENT ATTRACTIONS AND FACILITIES AND OTHER ASSETS

Entertainment attractions include $6,995,000 of work in progress relating to the Walt Disney World project in Florida, which is presently anticipated to open in 1971. In addition, the company is deferring and has included under other assets preliminary planning and design expenses of $5,859,000 (including $325,000 interest) relating to this project until such time as it commences active operations.

Because of the higher caliber of asset construction at Disneyland in recent years and the continued audience acceptance of Disneyland's principal attractions, the company has extended the composite estimated economic life of Disneyland park assets from 10 to 12 years commencing October 1, 1967; this change decreased depreciation in the current year by approximately $1,600,000. Depreciation which is computed on the straight line method totaled $6,605,000 for the company and its domestic subsidiaries.

Note 4 LONG TERM LIABILITIES

On January 17, 1968, the company issued $40,000,000 of 4½% convertible subordinated debentures due January 15, 1993. At the option of the holders the debentures are convertible into common stock at any time at $65 per share for a total of 615,385 shares. The indenture relating to the debentures provides for annual payments of $1,450,000 into a sinking fund for retirement of the debentures beginning in 1979. The debentures are subject to redemption at any time at the election of the company at prices ranging from 104.5% of principal amount in 1968 to 100% of principal amount in 1988 and thereafter.

Notes payable include an unsecured note in the amount of $2,500,000 payable in instalments of $1,250,000 each year to 1970, with interest at 5.9% per annum. The agreement underlying the note contains a requirement for the company and its domestic subsidiaries to maintain a minimum of $10,000,000 working capital. The remaining notes are payable in instalments with varying maturities to 1975 with interest payable at rates varying from 4% to 6%. These notes are secured by land costing $3,337,000.

On May 1, 1968 the company entered into a credit agreement with a bank providing for a revolving line of credit of up to $50,000,000. Although no borrowings against the line are likely for a number of months, under the terms of the agreement the company must maintain cash balances of no less than $6,250,000 and a minimum level of net worth which restricts $42,125,000 of the accumulated earnings at September 28, 1968 as to the payment of cash dividends.

Note 5 ESTIMATED FEDERAL INCOME TAXES

Subject to final approval by the Internal Revenue Service, the company has settled its Federal income tax liability for the fiscal years 1957 through 1967. Provision has been made in the financial statements for all taxes believed to be payable relating to this settlement.

The "Estimated Deferred Federal Income Taxes" on the accompanying balance sheet (including $1,700,000 added during the current year) represents taxes which will not become payable until future years primarily as a result of using an accelerated depreciation method for tax purposes on certain assets whereas the straight line method is used for financial statement purposes for all assets.

Note 6 PENSION PLANS

The company has a pension plan covering substantially all of its employees not covered separately by various union or industry pension plans. The plan is funded by company and employee contributions to a trust administered by a bank. Payments by the company under the plan for the year of $605,000 include $155,000 toward payment of the actuarially computed past service cost under a schedule which will require twenty years more to complete. The company has no past service liability under the various union and industry plans.

One of the company's subsidiaries has a profit sharing pension plan in which the participants are substantially all employees of the subsidiary with more than one year's service. Payments under the plan by the subsidiary amounted to $347,000 for the year.

Note 7 STOCKHOLDERS EQUITY

A stock split authorized by the Board of Directors and stockholders resulted in each stockholder of record on October 26, 1967 receiving one additional share of common stock for each share already held. In addition, the par value of the stock was changed from $2.50 to $1.25 per share.

A 3% stock dividend paid to holders of record on December 6, 1967 resulted in a $6,579,000 transfer from accumulated earnings to invested capital. Subsequent to year end a 2% stock dividend was declared to holders of record on December 2, 1968.

Under a qualified stock option plan approved by the stockholders during 1967, options for a maximum of 412,000 shares of the company's common stock may be granted to key executive, management and creative personnel prior to December 27, 1976.

Prices of options outstanding at year end range from $39.59 to $53.75 per share; options exercised were at $39.59 per share. These prices represent market value on the dates granted as adjusted for stock dividends.

Transactions under the plan during the year were as follows:

	Number of Shares	
	Options Granted	Available for Option
At October 1, 1967	397,000	3,000
Added for January 1, 1968 3% stock dividend	11,754	246
Cancelled by employment terminations	(26,995)	26,995
Granted during the year	17,700	(17,700)
Exercised during the year	(31,653)	
At September 28, 1968 (72,269 Exercisable)	367,806	12,541

Note 8 METHOD OF ACCOUNTING FOR REVENUE

The company records foreign income at the time of receipt of remittances in United States dollars or at the time of expenditures of foreign currencies abroad for the account of the company. At September 28, 1968 and September 30, 1967, there were at current rates of exchange approximately $2,620,000 and $1,726,000 (before co-producer participation, film production cost amortization and income taxes) in foreign countries representing income which has not been recorded as assets or as income in the accompanying statements.

Note 9 COMMITMENTS

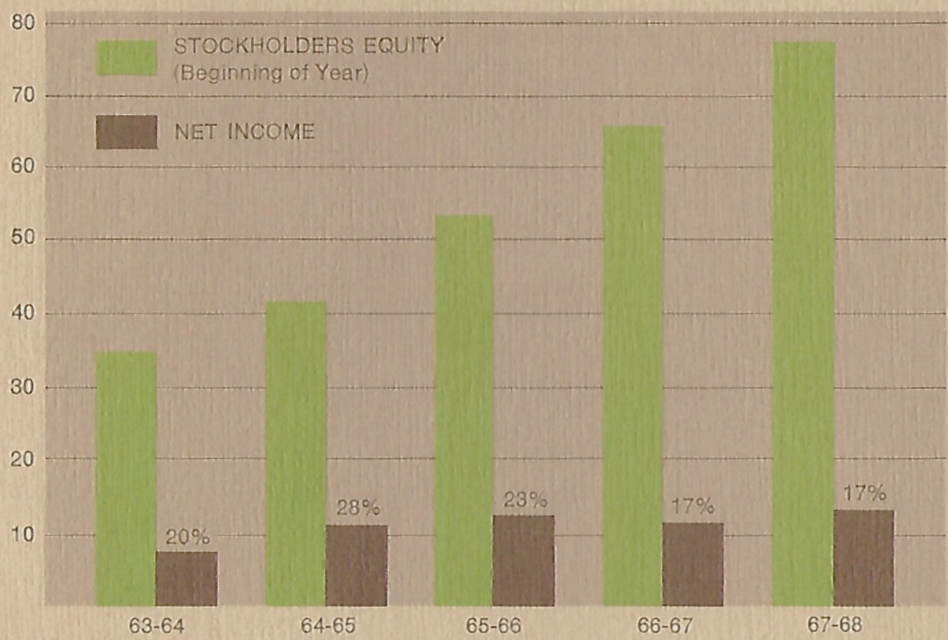
During the year the company's wholly-owned subsidiary, Walt Disney World Co., entered into drainage service agreements with Reedy Creek Improvement District (a governmental unit of the State of Florida) requiring minimum annual payments to the District of approximately $900,000 for 32 years. These payments are guaranteed by Walt Disney Productions.

FIVE YEAR REVIEW *(000 omitted from dollar amounts except for per share amounts)*

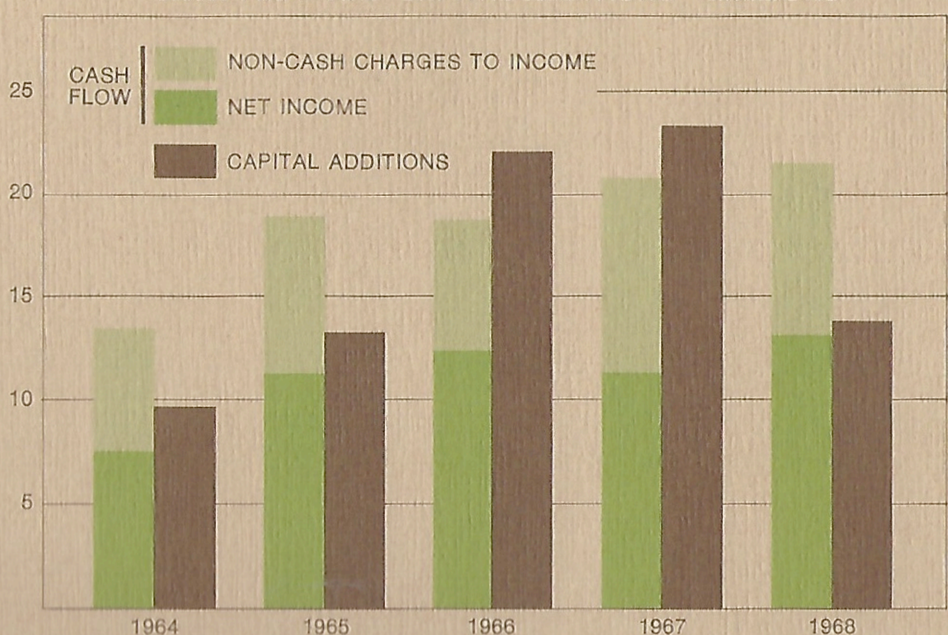
FISCAL YEARS ENDED	*1968*	*1967*	*1966*	*1965*	*1964*
OPERATIONS					
Total income	137,146	117,486	116,543	109,947	86,651
Income before taxes	24,906	19,567	22,492	21,529	12,749
Taxes on income	11,800	8,300	10,100	10,150	5,692
Net income	13,106	11,267	12,392	11,379	7,057
Cash dividends	1,261	812	771	737	707
Stock dividends	3%	3%	3%	3%	3%
Retained in business	11,845	10,455	11,621	10,642	6,350
Depreciation provision	6,605	7,609	5,556	7,324	6,459
Net income					
Percent of total income	9.6%	9.6%	10.6%	10.3%	8.1%
Percent of stockholders equity (beginning of year)	17.0%	17.2%	23.3%	27.4%	20.2%
Per share*	3.08	2.66	3.00	2.78	1.75
Cash dividends per share (on shares outstanding during year)	.30	.20	.20	.20	.20
YEAR END FINANCIAL POSITION					
Current assets	77,592	43,429	38,090	43,501	31,720
Working capital	52,561	21,411	16,911	21,574	18,221
Entertainment attractions and facilities	86,238	75,941	54,867	45,768	40,615
Studio buildings, equipment and other properties	21,670	19,020	18,286	13,857	13,512
Accumulated depreciation	41,614	35,553	28,702	31,228	26,284
Total assets	165,038	118,628	98,466	88,154	67,883
Stockholders equity	90,308	77,210	65,573	53,125	41,494
Per share*	21.19	18.25	15.81	12.98	10.30
Number of shares outstanding*	4,261	4,230	4,148	4,094	4,030

**Adjusted for 2 for 1 stock split October 26, 1967 and 3% annual stock dividend.*

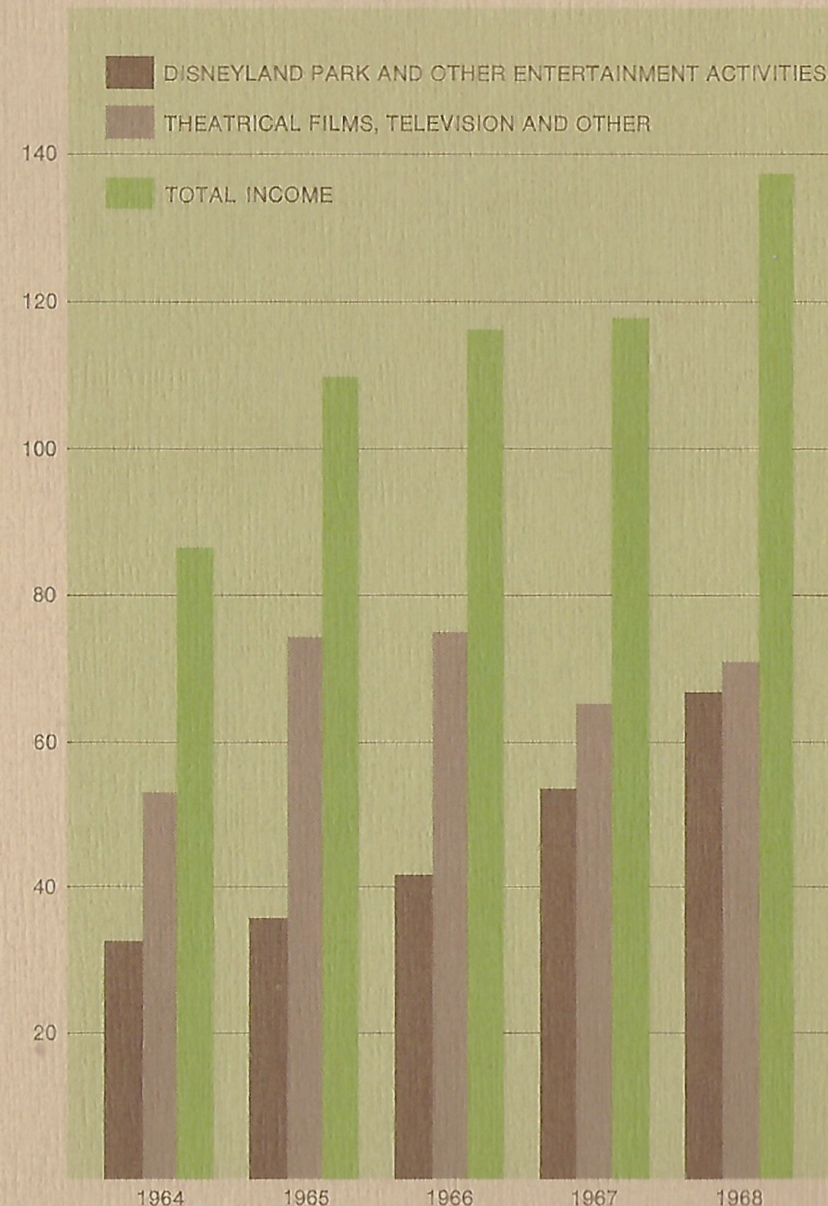
RETURN ON INVESTED CAPITAL — MILLIONS



CASH FLOW AND CAPITAL ADDITIONS — MILLIONS



INCOME — MILLIONS



PARENT COMPANY

WALT DISNEY PRODUCTIONS
500 So. Buena Vista Street, Burbank, California
Produces motion pictures for theatrical and television distribution — operates Disneyland Park — operates Celebrity Sports Center — conducts ancillary activities.

DOMESTIC SUBSIDIARIES

BUENA VISTA DISTRIBUTION COMPANY, INC.
Irving H. Ludwig — President
Distributes, syndicates and sells only the product of Walt Disney Productions comprised of 35mm theatrical film, 16mm film, television shows and records and albums.

BUENA VISTA INTERNATIONAL, INC.
Edmund F. Clarke — President
Supervises the distribution of Walt Disney Productions 35mm theatrical film, 16mm film and television shows in foreign countries.

WALT DISNEY MUSIC COMPANY
James A. Johnson — President
Music Publishing — ASCAP affiliate.

WONDERLAND MUSIC COMPANY, INC.
James A. Johnson — President
Music Publishing — BMI affiliate.

WED ENTERPRISES, INC., AND ITS SUBSIDIARY MAPO, INC.
Joseph W. Fowler — Chairman of the Board
Orbin V. Melton — President — Chief Administration Officer
Richard F. Irvine — Vice Chairman of the Board — Executive Vice President — Chief Operations Officer
John C. Hench — Vice President — Production
Imagineers, creates, designs and fabricates new projects.

WALT DISNEY WORLD CO.
Donn B. Tatum — President
William E. Potter — Vice President — EPCOT Planning
Robert P. Foster — Vice President — General Counsel
Florida Project.

CORPORATE OFFICERS

Roy O. Disney	*Chairman of the Board*
Donn B. Tatum	*President and Vice Chairman of the Board*
E. Cardon Walker	*Executive Vice President and Chief Operating Officer*
Joseph W. Fowler	*Senior Vice President — Engineering and Construction*
William H. Anderson	*Vice President — Production and Studio Operations*
Nolan Browning	*Vice President — Finance — Florida Project*
Bonar Dyer	*Vice President — Industrial Relations*
Oliver B. Johnston	*Vice President — Merchandising*
Ronald W. Miller	*Vice President — Executive Producer*
Richard T. Morrow	*Vice President — General Counsel*
Richard A. Nunis	*Vice President — Disneyland Operations*
Spencer C. Olin	*Vice President — Copyrights, Patents, Trademarks and General Attorney*
Franklin Waldheim	*Vice President and Eastern Counsel*
Luther R. Marr	*Secretary — Legal*
Michael L. Bagnall	*Assistant Secretary*
Lawrence E. Tryon	*Treasurer*
Donald A. Escen	*Assistant Treasurer and Controller*
Leland L. Kirk	*Assistant Secretary-Treasurer*
Bruce F. Johnson	*Assistant Controller*

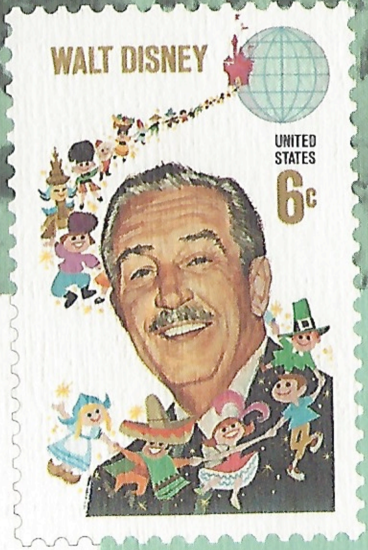
STOCK TRANSFER AGENTS: Bank of America, N.T. & S.A., Los Angeles, California; Bankers Trust Company, New York, N.Y.

STOCK REGISTRARS: United California Bank, Los Angeles, California; First National City Bank, New York, N.Y.

STOCK EXCHANGES: The common stock of the Company is listed for trading on the New York and Pacific Coast Stock Exchanges.

INDEPENDENT ACCOUNTANTS: Price Waterhouse & Co., Los Angeles, California.

ANNUAL MEETING OF STOCKHOLDERS: First Tuesday in February at the offices of the Company, 500 South Buena Vista Street, Burbank, California.



Two significant national tributes to Walt Disney occurred during 1968, with the publication of a commemorative 6¢ United States postage stamp, and the authorization by Congress of a gold medal to be struck by the U.S. mint in Philadelphia.

On September 11, sixteen members of the Disney family, led by Mrs. Walt Disney and Roy O. Disney, attended "First Day of Issue" ceremonies for the stamp in Walt's childhood home town of Marceline, Missouri. Other dignitaries present included Postmaster General W. Marvin Watson and Missouri's Governor Warren Hearnes.

By mid-October, almost 150 million copies of the stamp had been sold, marking the Disney commemorative as one of the most popular and successful in United States history.

The gold medal will be presented to Mrs. Walt Disney by the President at a White House ceremony early in 1969. The Congress has authorized California Institute of the Arts to purchase up to 100,000 replicas of the medal for use in its fund-raising program. Walt Disney was instrumental in the formation of this college level, professional school for the creative and performing arts, which was created in 1962 with the merger of Chouinard Art Institute and the Los Angeles Conservatory of Music. A substantial portion of Walt Disney's personal estate was designated to assist in construction of the school's new campus in Valencia, California. Ground breaking ceremonies will be held early next year.

GOLD MEDAL: *At work on the Walt Disney Medal are sculptors Blaine Gibson and Joe Kaba, with designer Bob Moore. Moore also designed the Disney stamp.*

COMMEMORATIVE STAMP: *Mrs. Walt Disney received albums from Postmaster General W. Marvin Watson (right), and Governor Warren Hearnes of Missouri.*

Look to the name Walt Disney for the finest in family entertainment